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BEFORE THE ARIZONA CORPORATION COMMISSION

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Arizona Corporation Commission

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IN THE MATTER OF THE APPLICATION OF
ARIZONA-AMERICAN WATER COMPANY,
INC. FOR A LIMITED WAIVER OF THE
REQUIREMENTS OF A.A.C. R14-2-801, ET SEQ.,
AND CERTAIN RELATED RELIEF.

DOCKET NO. W-01303A-01-0983

IN THE MATTER OF THE APPLICATION OF
ARIZONA-AMERICAN WATER COMPANY,
INC., AN ARIZONA CORPORATION, FOR A
DETERMINATION OF THE CURRENT FAIR
VALUE OF ITS UTILITY PLANT AND
PROPERTY AND FOR INCREASES IN ITS
RATES AND CHARGES BASED THEREON FOR
UTILITY SERVICE BY ITS SUN CITY WEST
WATER AND WASTEWATER DISTRICTS.

DOCKET NO. WS-01303A-02-0867

IN THE MATTER OF THE APPLICATION OF
ARIZONA-AMERICAN WATER COMPANY,
INC., AN ARIZONA CORPORATION, FOR A
DETERMINATION OF THE CURRENT FAIR
VALUE OF ITS UTILITY PLANT AND
PROPERTY AND FOR INCREASES IN ITS
RATES AND CHARGES BASED THEREON FOR
UTILITY SERVICE BY ITS SUN CITY WATER
AND WASTEWATER DISTRICTS.

DOCKET NO. WS-01303A-02-0868

IN THE MATTER OF THE APPLICATION OF
ARIZONA-AMERICAN WATER COMPANY,
INC., AN ARIZONA CORPORATION, FOR A
DETERMINATION OF THE CURRENT FAIR
VALUE OF ITS UTILITY PLANT AND
PROPERTY AND FOR INCREASES IN ITS
RATES AND CHARGES BASED THEREON FOR
UTILITY SERVICE BY ITS MOHAVE WATER
DISTRICT AND ITS HAVASU WATER
DISTRICT.

DOCKET NO. W-01303A-02-0869

PROCEDURAL ORDER

1 IN THE MATTER OF THE APPLICATION OF
2 ARIZONA-AMERICAN WATER COMPANY,
3 INC., AN ARIZONA CORPORATION, FOR A
4 DETERMINATION OF THE CURRENT FAIR
5 VALUE OF ITS UTILITY PLANT AND
6 PROPERTY AND FOR INCREASES IN ITS
7 RATES AND CHARGES BASED THEREON FOR
8 UTILITY SERVICE BY ITS ANTHEM WATER
9 DISTRICT, ITS AGUA FRIA WATER DISTRICT,
10 AND ITS ANTHEM/AGUA FRIA WASTEWATER
11 DISTRICT.

DOCKET NO. WS-01303A-02-0870

7 IN THE MATTER OF THE APPLICATION OF
8 ARIZONA-AMERICAN WATER COMPANY,
9 INC., AN ARIZONA CORPORATION, FOR A
10 DETERMINATION OF THE CURRENT FAIR
11 VALUE OF ITS UTILITY PLANT AND
12 PROPERTY AND FOR INCREASES IN ITS
13 RATES AND CHARGES BASED THEREON FOR
14 UTILITY SERVICE BY ITS TUBAC WATER
15 DISTRICT.

DOCKET NO. W-01303A-02-0908

PROCEDURAL ORDER

BY THE COMMISSION:

13 On December 17, 2001, Arizona-American Water Company, Inc. an Arizona corporation
14 ("Arizona-American" or "Company") filed an application with the Arizona Corporation Commission
15 ("Commission") requesting a Commission declaration that the Commission's Public Utility Holding
16 Companies and Affiliated Interests Rules, A.A.C. R14-2-801, *et seq.* ("Affiliated Interests Rules")
17 were not applicable to the transaction described in the application, or alternatively, requesting a
18 limited waiver of the requirements of the Affiliated Interests Rules with respect to the described
19 transaction. The Commission issued Decision No. 65453 in that docket on December 12, 2002.

20 On November 22, and December 13, 2002, Arizona-American filed with the Commission
21 applications for rate increases in all of its water and wastewater districts with the exception of its
22 Paradise Valley Water District. The Commission issued Decision No. 67093 in those dockets on
23 June 30, 2004.

24 On December 15, 2004, Arizona-American filed a request to: 1) reopen the record in Decision
25 No. 67093 for the limited purpose of serving as the evidentiary basis for future Arsenic Cost
26 Recovery Mechanism ("ACRM") filings for the concerned Arizona-American water and wastewater
27 districts, and 2) waive Condition No. 15 in Decision No. 65453 for Arizona-American's Paradise
28

1 Valley Water District.

2 On February 15, 2005, the Commission issued Decision No. 67593 in the above-captioned
3 dockets, granting Arizona-American's requests, expressly conditioned on dismissal of Arizona-
4 American's pending appeals of Decision No. 67093 and Decision No. 65453 within 30 days of the
5 Decision.

6 Decision No. 67593 stated that once an appropriate record is developed regarding the arsenic
7 issues raised by Arizona-American in its December 15, 2004 filing, the Commission will consider
8 whether to modify Decision No. 67093 pursuant to A.R.S. § 40-252.

9 By Procedural Order issued February 22, 2005, a Procedural Conference was scheduled for
10 March 10, 2005, for the purpose of discussing the schedule applicable to this proceeding.

11 The Procedural Conference was held as scheduled on March 10, 2005. Arizona-American,
12 RUCO, and Staff appeared through counsel and discussed several procedural issues. Arizona-
13 American and Staff stated that stipulations for dismissal of the pending appeals of Decision No.
14 67093 and Decision No. 65453 had been signed and that the courts had either acted or were in the
15 process of acting on the stipulated dismissals.

16 At the Procedural Conference, Arizona-American proposed filing direct testimony on an
17 ACRM by April 15, 2005, and proposed a schedule for Staff and intervenors to file direct testimony
18 in response, for the Company to file rebuttal testimony, and for a hearing date. RUCO was not
19 opposed to Arizona-American's proposed schedule. Staff stated, however, that it could not commit
20 to a procedural schedule without having seen the substance of Arizona-American's filing. Staff and
21 RUCO both stated that they can be prepared to provide an estimate of the time required for their
22 responsive testimony within 2 weeks of receiving the Company's filing. We will therefore set a date
23 for a procedural conference to be held following the Company's April 15, 2005 filing.

24 The parties also discussed the issue of whether these proceedings should continue in these
25 consolidated dockets or whether it would be advisable to have a new docket opened for the ACRM
26 issues. The Company and RUCO commented that having a single docket on a going-forward basis
27 would be more economical for the parties than making filings in all the consolidated dockets. Staff
28 stated that because the rate case must be used as the ratemaking vehicle for a cost recovery

1 mechanism, it is appropriate to keep all the affected dockets from the rate case open. The Company
2 and Staff agreed that filings for this proceeding no longer need to be made in Docket No. W-01303A-
3 01-0983. The Company added that because it would not be requesting an ACRM that would affect
4 all the districts involved in the rate case, that filings need not include the captions for all those
5 districts. We will require the Company to make its April 15, 2005 filing as a new application,
6 consolidated only with those docket numbers from Decision No. 67093 that would be affected by the
7 requested relief.

8 Another issue raised was whether all intervenors in the rate case should remain on the service
9 list for the ACRM proceedings. Arizona-American stated that some rate case intervenors live in
10 districts that would not be affected by an arsenic surcharge. Staff recommended that the rate case
11 intervenors be given an opportunity to file a statement in the record that they wish to continue in this
12 case. Neither RUCO nor the Company are opposed to Staff's recommendation. While some of the
13 intervenors may be customers in Arizona-American districts that may not be impacted by these
14 ACRM proceedings, their intervention was granted in the consolidated proceedings, not in individual
15 dockets. The intervenors should therefore determine for themselves on an individual basis whether
16 they wish to remain active in these proceedings. We will adopt Staff's recommendation, and require
17 any rate case intervenors who wish to remain on the service list for these proceedings to make an
18 affirmative filing in these dockets indicating their intent to continue their participation.

19 The issue of public notice of the upcoming ACRM proceeding was also discussed. Staff
20 recommended that the same type of public notice given in the rate case should be given for this
21 proceeding. Arizona-American requested that for individual customer notification, the Company be
22 allowed to include notice of the proceedings in the text of its bills as opposed to using a bill insert.
23 Staff was not opposed to a bill text notice in lieu of a bill insert. Arizona-American agreed to include
24 a proposed form of notice with its April 15, 2005 filing.

25 IT IS THEREFORE ORDERED that Arizona-American Water Company, Inc. shall file, no
26 later than April 15, 2005, a new application indicating the specific relief it requests concerning an
27 Arsenic Cost Recovery Mechanism. The filing shall be accompanied by direct testimony in support
28 of the application. The new application shall also include a proposed form of public notice of the

1 hearing on the requested relief.


2 IT IS FURTHER ORDERED that Arizona-American Water Company, Inc.'s new application
3 shall be consolidated with those docket numbers from Decision No. 67093 that would be affected by
4 the relief Arizona-American Water Company, Inc. requests in its filing, and that the new application
5 shall be filed as consolidated with those existing dockets.

6 IT IS FURTHER ORDERED that a Procedural Conference shall be held on the new
7 application and the consolidated matters on **May 2, 2005 at 1:00 p.m.**, at the Commission's offices,
8 1200 West Washington Street, Phoenix, Arizona 85007 for the purpose of discussing the procedural
9 schedule applicable to this proceeding and Arizona-American Water Company, Inc.'s proposed form
10 of public notice of the hearing on the requested relief.

11 IT IS FURTHER ORDERED that intervenors Carlton G. Young, Frank J. Grimmelmann, Sun
12 City Taxpayers' Association, Town of Youngtown, AUIA, Fiesta RV Resort Limited Partnership,
13 and Sun Health Corporation shall file in these dockets, no later than **April 12, 2005**, notice of their
14 intent to continue their participation in these consolidated dockets. Failure of those entities to make
15 an affirmative filing by that date indicating their intent to continue participating in these dockets will
16 result in their deletion from the service list for this Arsenic Cost Recovery Mechanism proceeding.

17 IT IS FURTHER ORDERED that the Administrative Law Judge may rescind, alter, amend,
18 or waive any portion of this Procedural Order either by subsequent Procedural Order or by ruling at
19 hearing.

20 Dated this 29th day of March, 2005

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22 
23 TEENA WOLFE
ADMINISTRATIVE LAW JUDGE

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26 ...
27 ...
28 ...

Copies of the foregoing mailed/delivered
this 21 day of March, 2005 to:

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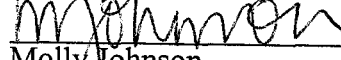
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